

COMMUNITIES REBUILD AFTER  
HURRICANE IKE

## HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 2009

Mr. PAUL. Madam Speaker, at a time when the financial headlines are dominated by stories of financial institutions seeking taxpayer funds and other special privileges, I am pleased to call my colleagues' attention to a story from the Galveston Daily News about how four community banks came together to help their friends, neighbors and customers begin to recover and rebuild from Hurricane Ike.

Last fall, as the people of Galveston were assessing the damage from Hurricane Ike and Congress was beginning debate on spending billions of taxpayer funds to bail out irresponsible financial institutions, representatives of Frost, HomeTown, Moody National and Texas First banks meet to discuss how these banks could help jumpstart hurricane recovery efforts. The four banks agreed to make unsecured bridge loans to Galveston businesses to ensure these businesses had access to capital while they waited for federal assistance and insurance payments.

The four banks made more than \$40 million in recovery loans. These loans provided lifelines to many businesses struggling with both the devastation of Hurricane Ike and the credit crisis. Without the efforts of these four banks, several Galveston businesses would have had to shut their doors.

In conclusion, Madam Speaker, I extend my thanks to management and employees of Frost, HomeTown, Moody National, and Texas First banks for their efforts to help the businesses and people of Galveston recover from Hurricane Ike.

[From the Galveston Daily News, May 24, 2009]

BANKS STEPPED UP WHEN CHIPS, ECONOMY  
WERE DOWN  
(By Laura Elder)

Just days after Hurricane Ike, as failing Wall Street institutions roiled the U.S. financial system, civic leaders and representatives of four banks forged an agreement that would profoundly shape the island's economic recovery.

After several meetings, some in storm-swamped buildings under generator-powered lights, representatives of Frost, HomeTown, Moody National and Texas First banks agreed to make unsecured bridge loans to island businesses for rebuilding until federal money and insurance payments materialized.

The community banks made more than \$40 million in recovery loans at a time when lending by industry giants had all but ground to a halt. The 180-day loans, at 5 percent interest, were a lifeline to local businesses hoping to recover quickly from a hurricane that inflicted \$11.4 billion in damage along the upper Texas Coast.

Some island business owners said their livelihoods would have been lost for good had it not been for the help of community bankers.

## LINE OF CREDIT

Charley DiBella, owner of DiBella's Italian Restaurant, which took in 4 feet of storm surge, was helped by HomeTown Bank not once but twice after Hurricane Ike, which struck Sept. 13.

DiBella credits the bank and Gary Gilliland, chief commercial lending officer,

for providing a line of credit to the restaurant.

With the loan, DiBella's was able to make storm repairs and open in November. But in January, disaster struck again when a fire broke out on the second floor of the 20-year-old restaurant. HomeTown Bank helped again, DiBella said. DiBella's Italian Restaurant plans to reopen Tuesday.

"Without HomeTown Bank and Gary Gilliland, there wouldn't be a DiBella's Restaurant," DiBella said. "I had insurance, but you know what that's like."

Gilliland, who checked on properties for his clients who had evacuated and weren't allowed back on the island for days after the storm, was in May named Indie Banker of the Month by Independent Banker Magazine for his work during Hurricane Ike.

## BRIDGE OF DOLLARS

HomeTown Bank, at last count, had made more than \$6 million in bridge loans to area businesses after the storm, said Jimmy Rasmussen, president and chief executive officer.

Two days after Ike struck, Wall Street institution Lehman Brothers filed for Chapter 11 bankruptcy, deepening a financial crisis and already painful credit crunch that had stalled lending. Fast-and-loose credit practices by the banking giants had come home to roost.

## NO 'VOODOO' PRODUCTS

But independent and community banks were never caught holding a bundle of bad loans.

"We're not sitting here selling voodoo products to peddle to people," said Matt Doyle, vice chairman of Texas First Bank.

That local competing banks got together in one room after the hurricane wasn't so unusual, Doyle said.

"We may be competitors, but we're community bankers," Doyle said. "When our community is suffering, all that goes out the window, and it's never really even in the house."

Texas First Bank lent \$8.5 million in recovery loans.

Bankers are the first to say their efforts weren't without self-interest. They certainly earned money from the loans. And they made loans based on credit history, long-standing relations and with the understanding they would be repaid.

## IN IT TOGETHER

And if a lot of local businesses failed, the local banks were going to feel it, so they had an interest in the success of their neighbors.

"If Galveston business didn't recover, we're all going to be damaged, all going to take losses," said Vic Pierson, president of Moody National Bank, which made about \$21 million in recovery loans after the storm.

"It was in our best interest to do whatever we could to assist as rapidly as we could for business recovery on the island."

## STRONG RELATIONSHIPS

Those who didn't have strong relationships with their bankers were left waiting for help from the Small Business Administration and the Federal Emergency Management Agency, Pierson said.

"Those programs are very good, but to finally get some dollars can take 90 to 120 days or longer," Pierson said.

"A business couldn't wait three or four months to get started and I think that's where the local community banks came in."

Watching a business rebuild can encourage others to follow, Pierson said.

"It was absolutely critical that people started putting their businesses back together and making a statement," Pierson said.

## NEED REMAINS

Albert Shannon, Frost Bank's group president in this region, and other bankers inter-

viewed for this story credited Mayor Lyda Ann Thomas and Jeff Sjostrom, president of Galveston Economic Development Partnership, for the idea of recovery loans. Island businessman Gerald Sullivan, who early after the storm was appointed by Thomas to help with recovery, also played a role in encouraging recovery loans, bankers said.

Frost Bank, headquartered in San Antonio, made \$5 million in recovery loans, Shannon said.

Sjostrom recently traveled to Manatee, Fla., to share ideas with officials there about recovery efforts.

"They were just amazed at the response of our local lenders," Sjostrom said.

Still only about 75 percent of the island's 2,500 businesses have returned, Sjostrom said. Many were uninsured for flood damage when Ike struck.

Businesses that aren't able to turn to the banks are doing what they can to recover, Sjostrom said.

"They're not sitting back waiting and crying," Sjostrom said. "They're going forward doing what they have to make it work. We still have a lot of businesses that need financial help."

## EARMARK DECLARATION

## HON. J. RANDY FORBES

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 2009

Mr. FORBES. Madam Speaker, pursuant to the Republican Leadership standards on earmarks, I am submitting the following information regarding earmarks I received as part of H.Q. 3183, the Energy and Water Development and Related Agencies Appropriations Act of 2010.

Requesting Member: Congressman J. RANDY FORBES

Bill Number: H.R. 3183

Account: Army Corps of Engineers, Construction

Legal Name of Requesting Entity: City of Chesapeake, VA

Address of Requesting Entity: 306 Cedar Road, Chesapeake, VA 23322

Description of Request: Provides \$100,000 to replace the existing 2-lane Deep Creek AIW Bridge with a 5-lane, dual bascule bridge, thus providing a new structurally sound bridge and reducing traffic congestion along the corridor. AIW Deep Creek Bridge (owned and operated by the Army Corps of Engineers) was built in 1934 and is functionally obsolete. The City and State (along with FHWA) have made improvements on either side of the bridge and now replacement of the bridge is critical to the movement of people and goods along U.S. Rt. 17 as well as the Atlantic Intracoastal Waterway.

Requesting Member: Congressman J. RANDY FORBES

Bill Number: H.R. 3183

Account: Army Corps of Engineers, O&M  
Legal Name of Requesting Entity: Army Corps of Engineers

Address of Requesting Entity: 803 Front Street, Norfolk, VA 23510

Description of Request: Provides \$2,620,000 for the Atlantic Intracoastal Waterway Albemarle and Chesapeake Canal to protect the navigation route between the Southern Branch of the Elizabeth River and the VA-NC state line in the North Landing River, a